



EXCISE

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Department of State

TELETYPE

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 L-02 INR-10 PM-03 NSC-10
NSCE-00 CIEP-02 CIAE-00 SCEM-01 TRSE-00 USIA-04 EUR-10
NEA-06 RSC-01 DRC-01 /072 W
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R 250936Z OCT 73
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 0679
INFO AMEMBASSY BEIRUT
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE

DEPARTMENT OF STATE A/CDC/MR
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DECLASSIFIED ☐ RELEASABLE ☐
RELEASE DENIED ☒ IN PART
PA or FOI EXEMPTIONS *B1, A5*

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LIMITS

E.O. 11652: GDS
TAGS: ENRG, LY
SUBJ: LIBYAN APPLICATION FOR PRODUCTION CUTS
AND AMERICAN EMBARGO.

1. LIBYAN APPLICATION OF PRODUCTION CUT HAS HAD
UNEVEN EFFECT ON COMPANIES. CUTS ARE FIVE PERCENT
"ON BASIS OF SEPTEMBER PRODUCTION." AT AMOSEAS,
LIBYAN MANAGEMENT COMMITTEE DECIDED TO SUBTRACT FIVE
PERCENT OF SEPTEMBER PRODUCTION FROM PEAK OCTOBER
PRODUCTION. AT OCCIDENTAL, LIBYANS REQUIRING
REDUCTION TO SEPTEMBER AVERAGE AND, THEN, A FURTHER
FIVE PERCENT CUT. FOR AMOSEAS, WHOSE OCTOBER
PRODUCTION WAS 237,000 B/D AT CUT TIME, AND WHOSE
SEPTEMBER PRODUCTION AVERAGED 174,000 B/D CUT IS
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LESS THAN FIVE PERCENT. FOR OCCIDENTAL, WHOSE SEPTEMBER PRODUCTION AVERAGED 439,000 B/D AND PEAKED AT 475,000, AND WHOSE OCTOBER PRODUCTION WAS ABOUT 451,000 B/D. CUT IS SUBSTANTIALLY MORE THAN FIVE H34:3,5.

2. ENFORCEMENT OF AMERICAN EMBARGO HAS EQUALLY UNEVEN EFFECT ON COMPANIES. LIBYAN INTERPRETATION OF EMBARGO IS THAT IT PREVENTS ONLY CONSIGNMENT OF CARGOES DIRECTLY TO U.S. PORTS. THIS IS SERIOUS PROBLEM FOR OCCIDENTAL, WHICH HAS JUST CONCLUDED CONTRACT FOR SUBSTANTIAL PROPANE/BUTANE DELIVERIES DIRECTLY TO U.S. PORTS. MINISTRY OF PETROLEUM SAYS IT "RELUCTANTLY" PREVENTING THESE SHIPMENTS. AMOSEAS, ON THE OTHER HAND, SHIPS APPROXIMATELY 65 PERCENT OF ITS PRODUCTION TO REFINERIES IN SARDINA, THE BAHAMAS AND TRINIDAD. THEN PRODUCTS ARE IMMEDIATELY TRANSSHIPPED TO THE U.S. LIBYANS AWARE THAT ULTIMATE BENEFICIARY OF AMOSEAS' CRUDE IS U.S., BUT RAISING NO OBJECTIONS TO SHIPMENT OF ANY CRUDE NOT DOCUMENTED AS DESTINED DIRECTLY FOR U.S. PORT.

3. MAJOR AND APPARENTLY CYNICAL EXCEPTION FROM U.S. EMBARGO IS LIBYAN NATIONAL OIL COMPANY. NOC CONTINUES LOADING CARGOES (PARTICULARLY HOT OIL SHIPMENTS) ON U.S. COMPANY SHIPS AND CARES NOT WHERE THE OIL GOES. INDUSTRY SOURCES SAY THAT NOC CLAIMS THEY ALREADY HAVE AMERICAN BUYERS FOR SUBSTANTIAL AMOUNTS OF NOC OIL WITH NEW \$8.92 POSTED PRICE AS SALE PRICE. NOC NOT REPEAT NOT TURNING AWAY ANY AMERICAN BUYER WILLING TO PAY THOSE KINDS OF PRICES.

4. IT TOO EARLY TO MAKE FIRM JUDGMENT. HOWEVER, IT APPEARS THAT LIBYANS MUCH MORE FLEXIBLE IN THEIR APPROACH TO PRODUCTION CUTS AND EMBARGOES THAN ARE THEIR ARAB COUSINS IN THE GULF. NOC'S APPARENT EXEMPTION FROM EMBARGO MIGHT EVEN BE CONSTRUED AS CYNICAL DISREGARD FOR PAN-ARAB POSITIONS. JUSTIF

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